Kitui/Nairobi July 2009.

NOTES TO DISCUSS OF A POSSIBLE FUTURISTIC VIEW OF SASOL'S ORGANIZATION STRUCTURE.

Introduction

Sasol is a company with limited liability.
Al activities funded by donor organizations take place under the umbrella of this company.
In the SWOT analyses as part of Sasol's strategic plan one of the mentioned weaknesses is donor dependency.
A second mentioned weakness is the inadequate office space, equipment and property.

Mentioned opportunities include: expand programs in ICT, vocational education and renewable energy sectors, proper utilization of existing resources for income generation and offering consultancy services based on research, innovation and accumulated knowledge and experience.

In the strategic plan 2009-2020 the major strategic planning issues with the strategic initiatives are described.

In almost every issue Ex-change/Edukans is more or less involved even in community organization since even its activity implementation demands some community organization.

As a starting point for this note four different subjects are distinguished:

- Capacity building and water platforms
- Vocational education and training, school improvement programs
- Income generating activities
- Multi purpose centre (MCP)

These subjects are highlighted first because they will shape the organizational structure and secondly since they will engage Edukans/Ex-change in the different subjects.

Discussion about SASOL's organizational possibilities takes into account that it will have to implement the in and outs of other donor organizations.

Capacity building and water platforms.

In accordance with Sasol's strategic plan, capacity building and water platforms are a main objective, consisting of different activities.
Financing takes place by means of donor funding.
These activities occur under the umbrella of Sasol as a company with limited liability or NGO.
The Ex-change program is implemented into this organizational structure.
Contract partners are Edukans and NGO Sasol.

A critical success factor, especially when it comes to capacity building, is the cooperation of the Ex-change program, funded by Edukans.

Vocational education and training, school improvement programs.

In Sasol's strategic plan 2009-2020 vocational education gets a more prominent place than in the log-frame 2008-2010.

In the meeting with Ex-change of July 9th 2009, the draft of an internal document of Sasol about the organization of vocational education was discussed.

The scope of Edukans, as a donor organization, is poverty reduction by means of education, especially primary and secondary education.

The merging of Ex-change and Edukans in 2007 brought in the possibility of vocational education as means for poverty reduction.

However, the structure of the Ex-change program is really different from the structures of the Edukans programs.

The fundaments of the Ex-change program are students, studying and working in different sectors of profession (like civil engineering, ICT, agriculture, trade – marketing etc.)

Students are participating direct in the Ex-change program within Sasol by through a three- month placement in Kitui District.

The Edukans programs are more based on a traditional donor relationship of sending materials and finances.
The structure of the Ex-change program requires a strongly managerial guidance, on Dutch side as well as Kenyan side.

Part of the internal organization of Edukans is the department foreign countries. One of the countries is Kenya. In the Netherlands a special coordinator for the Kenyan projects is appointed within Edukans. In Kenya a so-called Local Expertise Centre (LEC) exists. LEC coordinates the different Edukans programs in Kenya and is direct supervised by the department of foreign countries.

Within Edukans the Ex-change program is a separate department and managed by Henk Haring. The Ex-change program of Sasol is funded by the budget of the Ex-change program.

Since the department of foreign countries funds LEC and Sasol is also part of the programs coordinated by LEC, Sasol has to deal with two different departments within Edukans. These are the department of foreign countries and the department of Ex-change. They have different budgets and are, till now, not very cooperative. For Sasol, this situation can be a difficulty in the future.

Besides, Ex-change department in Kenya has started a new program. This is called Learn4work and is coordinated by LEC. Sasol participates in this program.

It is thinkable that the funds for vocational education are coming from the Ex-change program on one side and on the other side funds are provided by the department of foreign countries.
Regarding the above-mentioned possible difficulties there is a certain risk for Sasol because of uncertainty of continued funds.

Contract partners in the existing situation are Sasol and Edukans.
Funding of vocational education through two different paths however makes financing less vulnerable.

Income generating activities.

In the strategic plan, the mentioned opportunities for income generation are:

- Proper utilization of existing resources for income generation
- Offering consultancy services based on research, innovation and accumulated knowledge.
- Training

In this note is supposed that income generation is not part of fundraising but income, which is generated by the profits of own activities. So these incomes possibly apply to tax rules.
A possibility is that these activities take place under a different legal body.

Multi Purpose Centre.

The construction of a multi purpose centre is probably coming up. This MPC can be partly Sasol's office, partly training centre and partly laboratory, boarding house for students etc.
It depends on the way a MPC will be developed.

To construct the MPC requires an investment.
But the MPC has to be exploited.

Exploitation can take place under the wings of Sasol as NGO.
But it is also possible to exploit it under a separate legal body.
This body can be the proprietor of the buildings and the user, like Sasol NGO, pays rent.
In fact it is a matter of more or less a property company.
This company is responsible for maintenance, possibly guesthouse activities etc.

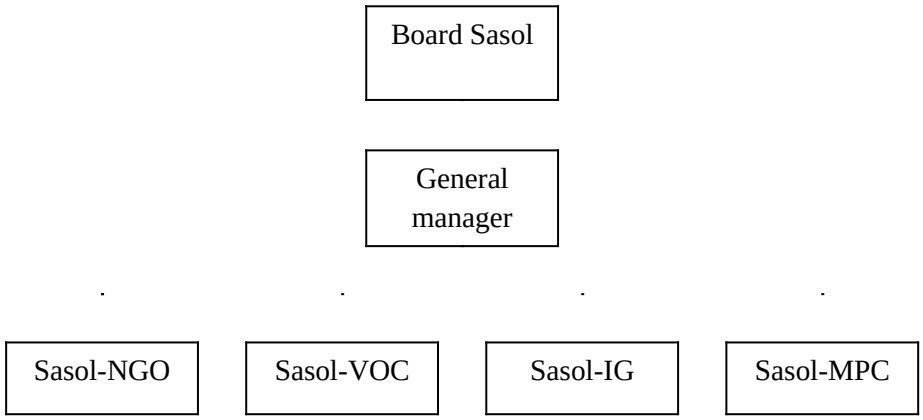
Some organizational models.

Just to be clear the following entities are distinguished:

Sasol as a NGO is called:	Sasol-NGO
Sasol in terms of vocational education:	Sasol-VOC
Sasol in terms of income generating:	Sasol-IG
Sasol in terms of multi purpose centre:	Sasol MPC

Model no. 1

All activities take place under Sasol-NGO, a company with limited liability.



Advantages:

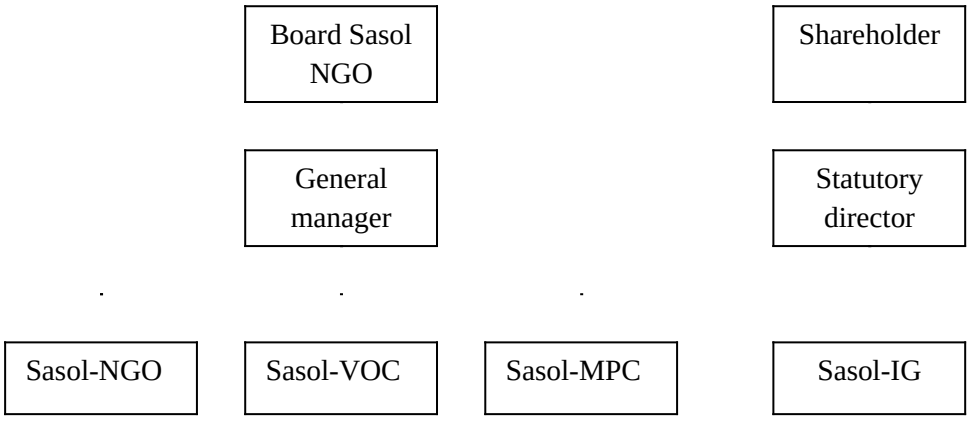
- One board
- Simple flat organization structure
- One accounting system
- All employees are in Sasol's-NGO service.

Disadvantages:

- Losses of a certain activity have effects on the other activities and on the total performance. This is a risk.

Model No. 2

All activities funded by donors take place under the NGO.
The MPC exploitation takes also place under the NGO.
The income generating activities take place under a different company.



Sasol-IG is seen as a separate company, making profit.
The activities of Sasol-MPC are seen as donor related.
The board of Sasol-NGO is the only shareholder of Sasol-IG
The statutory director is the same person as the general manager of Sasol-NGO.
Depending on the amount and character of activities a daily manager can be placed between the statutory manager and the operational Sasol-IG.

Advantage:

- Divorce of donor-related activities and commercial activities.
- Profits of Sasol-IG can be used as donor funds for Sasol-NGO
- Losses or bankrupt of Sasol-IG has no influence on Sasol-NGO

Disadvantages:

- Two different legal bodies, so a more complex organization
- Two account systems.
- Two different employers

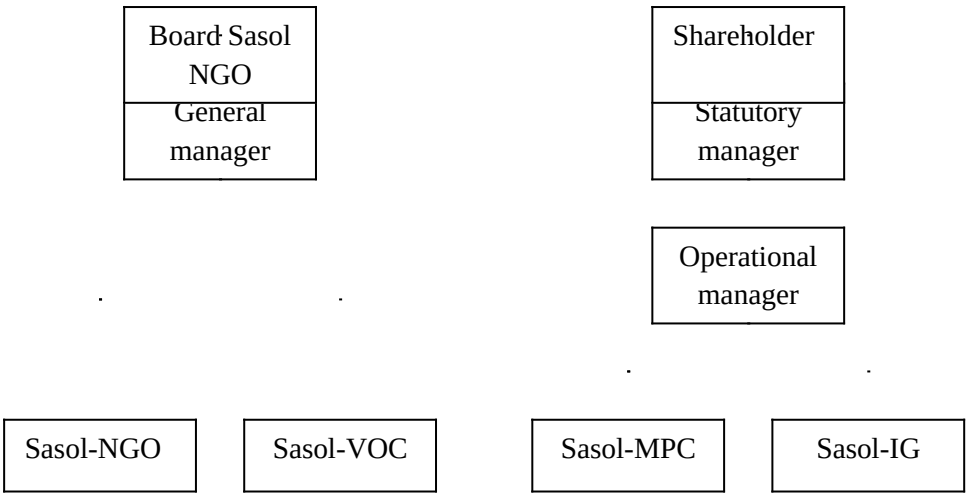
So less risk comparing model No.1.

Model No. 3

Sasol-MPC is not part of Sasol-NGO.
Two different paths are possible:

1. Sasol-MPC is part of Sasol-IG
2. Sasol-MPC is a different legal body.

If Sasol-MPC is part of Sasol-IG the organization chart of model No.2 is changing.
Sasol-MPC is a department of Sasol-IG

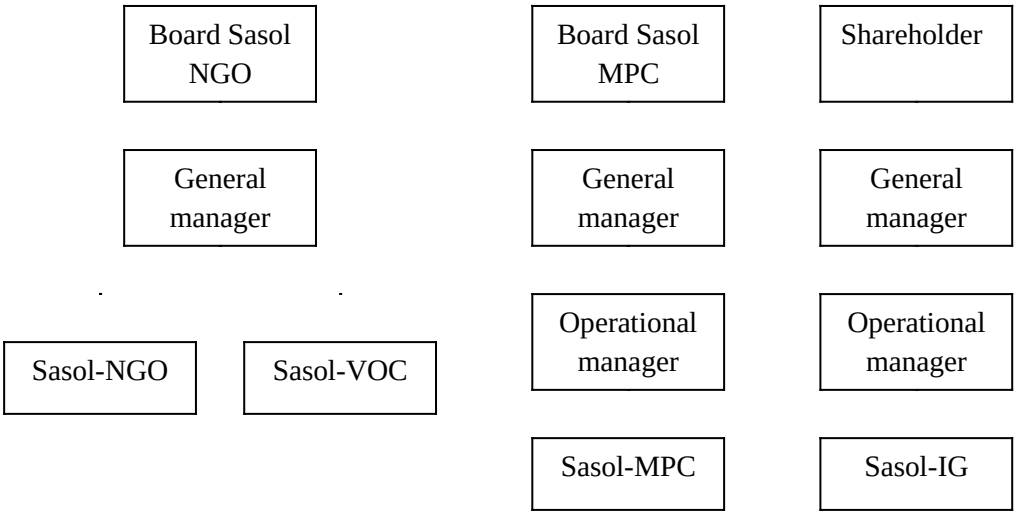


The operational manager is optional.

Advantages and disadvantages are in fact the same as model No.2.

Is MPC is a different legal body:

If the legal body for the MPC is a company with limited liability like Sasol-NGO and Sasol-IG is a company based on profit then the following organizational chart is possible:



The board of Sasol-MPC is different from the Board of Sasol-NGO.
But the same persons of the board of Sasol-NGO can be the board of Sasol-MPC a so-called personal union.
It is of course also possible that the legal body of MPC is a company with a view to make profit. The same construction as Sasol-IG is an option.

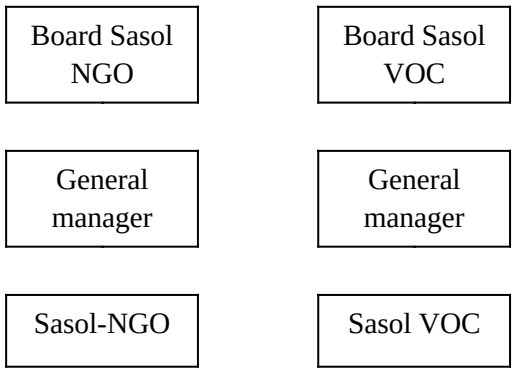
The consideration to make Sasol-MCP a separate legal body, with or without the view to make profit is that Sasol-MPC can be the proprietor of the real estate.

Advantages and disadvantages are the same as before.

Model No. 4

Sasol-VOC is a separate legal body, a company with limited liability.

For clearance the organizational chart of Sasol-MPC and Sasol-IG are omitted.



The board of Sasol-NGO and Sasol-VOC are different. It is two different legal bodies.
A personal union is here also an option.

The difficulty here is Edukans.
As said before, funding vocational education and training is part of the Ex-change program but can also be part of the budget of the department of foreign countries of Edukans.
If Sasol-VOC is separate from Sasol-NGO Edukans has to deal with two different partners, and that is even possible within the Ex-change program.
This can interfere with the Edukans policy.
The risk for Sasol-NGO exists if funding of vocational education will evaporate. But the same risk exists because of Ex-change.

The board of Sasol has to discuss the different organizational options related to the strategic plan.
The written models in this note are possibilities. Even more combinations can be made.
There is no time schedule for changing the organization. The moment to decide depends of the existing situation in a certain period.

Kitui/Nairobi July 2009.

Adriaan Vrienten.

MUTISO SUPPORTS MODEL 3 WITH A SPECIFIC PROVISO THAT IT BE COMPANY FOR PROFIT. VOCATIONAL TRAINING WILL HAVE TO BE DIVIDED UP SO THATLUMPY BITS PERTAINING TO COMMUNITY DEVELOPMENT AND THUS NOT ATRRITUBAL TO INDIVIDUALS CAN BE FINANCED UNDER THE NGO. INDIVIDUALS BEING TRAINED TO GENET OWN INCOMES PAY AND THUS THEY WOULD BE MANAGED UNDER THA COMPANY FOR PROFIT. THE MPC HAS TO BE INCOME GENERATIONG SO IF THE NGO HAS TO TRAIN THERE THOSE WHO FALL UNDER COMMUNITY DEVELOPENMENT, THEY IT WILL HAVE TO PAY THE COMPNANY. Signed Mutiso